

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 57719

CENTRAL VALLEY SCHOOL DISTRICT No. 356

Spokane County, Washington

September 1, 1994 Through August 31, 1995

Issue Date: September 6, 1996

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CENTRAL VALLEY SCHOOL DISTRICT NO. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements, as listed in the table of contents, of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Central Valley School District No. 356 is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the district complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the district's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the district and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we noted instances of noncompliance immaterial to the financial statements which are identified in the Schedule of Findings accompanying this report.

We also noted matters involving noncompliance with laws and regulations related to federal financial assistance which were reported to the district's management in our report on specific requirements for major programs and in the Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Internal Control Structure
At The Financial Statement Level

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the district, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters involving the internal control structure and its operation that we consider to be reportable conditions are included in the Schedule of Federal Findings accompanying this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the Schedule of Federal Findings is a material weakness.

We also noted matters involving compliance with laws and regulations related to federal financial assistance which were reported to the district's management in our report on specific requirements for major programs and in the Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. Coordination Of Enrollment Reporting Between The District And The Spokane Skills Center Should Be Improved

The district is a member of the Spokane Skills Center cooperative. The Spokane Skills Center is a cooperative involving eight Spokane area school districts. Spokane School District No. 81 operates the half-day programs which offer high school students a variety of occupational courses. Our comparison of the district and the Spokane Skills Center enrollment reports revealed that students were overclaimed. Students were claimed in combination by Spokane School District No. 81 and the district as 1.2 full-time equivalent on monthly enrollment reports submitted to the Superintendent of Public Instruction (SPI).

Washington Administrative Code (WAC) 392-121-136 states in part:

... no student, including a student enrolled in more than one school district, shall be counted as more than one full-time-equivalent student on any count date or more than one annual average full-time-equivalent student in any school year

WAC 392-121-122 defines full-time-equivalent, for students in grades 7 through 12, as 25 hours each week, or 5 hours (300 minutes) each scheduled school day.

Students exceeded one full-time-equivalent because enrollment reporting was not coordinated between the district and the Spokane Skills Center.

Because SPI uses the monthly enrollment reports as a basis for state funding, the district may have been overpaid. We were unable to estimate the amount due to the apportionment formulas applied by SPI.

We recommend the district, in cooperation with the Spokane Skills Center, implement written policies and procedures to ensure monthly enrollment reporting complies with statutes. We further recommend the district contact SPI to determine the amount of any repayment required.

Auditee's Response

Central Valley School District has contacted the Spokane Skills Center and requested changes in the contractual agreement governing the Spokane Skills Center. Changes will be made in the agreement to ensure all member Districts claiming students in combination with the Skills Center do not exceed the 1.00 full-time-equivalent.

The Central Valley School District has made corrections in the 1995-96 school year enrollment reports of the District which reduced revenue approximately \$200 per student for the 50 students in question.

2. The District Should Maintain Records To Support Special Education Enrollment Reporting

During our audit of special education enrollment, we found that the district's records are not sufficient to allow verification of state enrollment reports for the entire fiscal year 1994-95. Supporting records of the monthly P-233H special education enrollment reports were not retained for the months of September 1994 and May 1995. None of the supporting enrollment records are maintained for the periods prior to 1994-95.

The Superintendent of Public Instruction (SPI) Administrative and School Business Services Bulletin No. 36-94 Section V Part L, states in part:

Because enrollments reported on Forms P-223 and P-223H generate state moneys, school districts must retain supporting documentation for audit . .

. .

The bulletin then lists specific retention requirements.

Because the district did not maintain the required records, we are unable to determine if enrollment reported to SPI for the year under audit was accurate.

Established policies and procedures were not followed to ensure that a comprehensive set of records were retained.

We recommend the district follow established policies and procedures to ensure records are maintained in the manner prescribed by the Superintendent of Public Instruction.

Auditee's Response

The policies and procedures of Central Valley School District as well as the requirements of Secretary of State retention policy have been reviewed with Special Education Administrative and Support Staff. All enrollment reports for 1995-96 are retained in completed form and available for audit.

Auditor's Concluding Remarks

We appreciate the district's timely response to our audit findings. It appears that the concerns noted in these findings are being adequately addressed. We will review the district's progress in these areas during our next regularly scheduled audit.

We also wish to thank the district's officials and personnel for their assistance and cooperation during our audit.

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the accompanying general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, as listed in the table of contents. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 of the notes to financial statements, the district does not value fixed assets at historical cost. We were unable to apply sufficient alternative audit procedures to substantiate fixed asset values. Therefore, we cannot express an opinion on the general fixed asset account group.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Central Valley School District No. 356, at August 31, 1995, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the fiscal year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 4, 1996, on our consideration of the district's internal control structure and a report dated April 4, 1996, on its compliance with laws and regulations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Supplementary Information
Schedule Of Federal Financial Assistance

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of Central Valley School District No. 356 taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Compliance With The General Requirements
Applicable To Federal Financial Assistance Programs**

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996.

We have applied procedures to test the district's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the fiscal year ended August 31, 1995:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

The following requirements were determined to be not applicable to its federal financial assistance programs:

- Davis-Bacon Act
- Relocation assistance and real property acquisition
- Subrecipient monitoring

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Compliance With Specific Requirements
Applicable To Major Federal Financial Assistance Programs

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996.

We also have audited the district's compliance with the requirements applicable to its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the fiscal year ended August 31, 1995. Those requirements include:

- types of services allowed or unallowed
- eligibility
- matching, level of effort, or earmarking
- special tests and provisions related to carryover of funds, parent involvement, program effectiveness, private school participation, timely obligation of funds, parent notification, rights and hearing process, and individualized education progress as described in the OMB *Compliance Supplement for Single Audits of State and Local Governments*
- claims for advances and reimbursements
- and amounts claimed or used for matching

The management of the district is responsible for the district's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the district's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to in the second paragraph, which is described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs. We have considered the instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Central Valley School District No. 356 complied, in all material respects, with the requirements referred to in the second paragraph of this report that are applicable to its major federal financial assistance programs for the fiscal year ended August 31, 1995.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Internal Control Structure Used In
Administering Federal Financial Assistance Programs**

Board of Directors
Central Valley School District No. 356
Greenacres, Washington

We have audited the general-purpose financial statements of Central Valley School District No. 356, Spokane County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated April 4, 1996. We have also audited their compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated April 4, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the district complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit, we considered the district's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance with requirements applicable to major federal assistance programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated April 4, 1996.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Cash receipts
 - Purchasing and receiving
 - Payroll
 - General ledger
- **General Requirements**
 - Political activity
 - Civil rights
 - Cash management
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements
- **Specific Requirements**
 - Types of services
 - Eligibility
 - Matching, level of effort, earmarking
 - Special requirements
- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
 - Cash disbursements
 - Receivables
 - Accounts payable
 - Inventory control
 - Property, plant, and equipment
- **General Requirements**
 - Davis-Bacon Act
 - Relocation assistance and real property acquisition
 - Subrecipient monitoring
- **Specific Requirements**
 - Reporting

During the fiscal year ended August 31, 1995, the district expended 71 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the district's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the district's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

The matters involving the internal control structure and its operation that we consider to be reportable conditions are included in the Schedule of Federal Findings accompanying this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the Schedule of Federal Findings is a material weakness.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

April 4, 1996

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. The District Should Accurately Report Special Education Enrollment To The Superintendent Of Public Instruction

The district does not have an adequate internal control system to ensure that only eligible students are included on the Monthly Report of School District Special Education Enrollment (P-223H report) submitted to the Superintendent of Public Instruction (SPI). During our audit of the district's special education enrollment reporting system we found the district included ineligible students on the P-223H report.

Our testing found that the district reported 12 ineligible students out of 190 students records tested. These ineligible students were included on the P-223H report which is used to allocate state apportionment money. This system of reporting special education students has not changed since 1984. In addition, the district has not retained adequate documentation to allow verification of all P-223H reports submitted from fiscal year 1990-91 through fiscal year 1994-95, as required by Secretary of State's records retention policy, see compliance Finding 1.

We selected 70 of the students on the district special education enrollment report for December 1994 and traced them back to the student files. Of the 70 files tested, we found 4 full-time-equivalent (FTE) ineligible students overreported to SPI during the 1994-95 school year. Additionally, a review of the current year special education enrollment by SPI found 8 (FTE) out of 120 students tested from the enrollment report were incorrectly reported.

Based on the testing noted, a total of 12 ineligible students out of 190 students records tested represents a 6 percent error rate. We have projected the amount of overpayment the district has received from SPI by multiplying this percentage (6 percent) times the total amount of federal money received during fiscal year 1994-95. As a result, we question \$25,400 of federal special education money (CFDA 84.027).

We did not question federal costs related to money received in the preceding fiscal years. This is a result of SPI's resolution of questioned costs at other school districts with this finding. However, the same condition existed in the preceding fiscal years at this district. Due to the apportionment formulas used by SPI, we were unable to project, accurately, the overpayment of state special education funding the district received.

The *Washington Administrative Code* 392-171 defines the criteria which must be met in order for a student to be included on the Form P-223H report.

Additionally the SPI Administrative and School Business Services Bulletin No. 36-94 Section V Part L., Documentation of Enrollment for Audit, states in part:

Enrollment reporting errors found in an audit generally require revised reports and adjustments to state apportionment . . .

By reporting ineligible students on the P-223H report the district has received excess state and federal funding for which it was not entitled. This has decreased the amount of funding available to districts which reported only eligible students.

The district's management did not properly review their special education enrollment reports to determine eligibility for SPI reports.

We recommend the district contact the federal Department of Education and SPI to determine the amount of repayment required. We further recommend that only eligible special education students be reported to SPI.

Auditee's Response

The Administrative Staff of the Special Education Programs are reviewing enrollment reports and student eligibility as recommended. Enrollment reports for 1995-96 have been submitted to the Superintendent of Public Instruction after careful review of student eligibility.

Central Valley School District has contacted the Superintendent of Public Instruction and the Federal Department of Education as recommended.

Auditor's Concluding Remarks

It appears that the concerns noted in this finding are being adequately addressed. We will review the district's progress in this area during our next regularly scheduled audit.

We also wish to thank the district's officials and personnel for their assistance and cooperation during our audit.

CENTRAL VALLEY SCHOOL DISTRICT No. 356
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Questioned Costs

<u>Grantor</u>	<u>CFDA Number</u>	<u>Questioned Costs</u>	<u>Cross Reference</u>
U.S. Department of Education	84.027	\$25,400	Federal Finding 1